



State of Utah

DEPARTMENT OF COMMERCE
Committee of Consumer Services

PRESS RELEASE

Friday, 28 February 2003

Contacts:

Committee - Chief of Technical Staff
Dan Gimble - (801) 530-6798
Division - Telecomms Manager
Ingo Henningsen - (801) 530-6678

BENEFITS FOR TELEPHONE CUSTOMERS FROM QWEST'S DIRECTORIES SALE

On Thursday, 27 February 2003, the Committee of Consumer Services (Committee), Division of Public Utilities (Division), and Qwest Corporation (Company) appeared before the Public Service Commission of Utah (Commission) to present an agreement that would result in \$22M of one-time credits on eligible customers' telephone bills, as well as continuation of a \$30M annual offset that is already helping to trim telephone prices.

On 30 August 2002, Qwest Corporation filed an application with the Commission for approval of the sale of its directories subsidiary, Qwest Dex, in Utah. The Company had arranged to sell the 14-state directories business in two transactions for a total of more than \$7B.

Qwest earns more than \$30M annually from its Yellow Pages and related activities in Utah. Over many years, the Commission and the Utah Supreme Court have consistently ordered that these profits should benefit the customers who underwrote the development of this business, whose names, addresses and phone numbers form the basis of the directories, and who create the value of the business by using them.

The Committee and Division examined the impact this sale might have on Qwest customers. The principal risk that the sale imposed was the potential loss of the approximately \$2.50 by which the monthly price for each Qwest phone line in Utah is presently offset. The Company agreed with the Committee's and Division's proposal to continue this annual \$30M benefit.

The Committee and Division also sought a significant cash benefit for customers, to compensate them for the loss of the increasing future value of the directories business. In order to gain support for the sale of Qwest Dex, the Company agreed on a settlement totaling \$22M. The Committee, Division and Company agreed that residential, business and payphone service customers should receive the money in the form of a one-time credit of nearly \$33 on each telephone account.

The Committee and Division believe the continuation of the monthly price offset and the proposed credit, in conjunction with the sale of the directories business, are fair both to Qwest and to customers, and are in the public interest. At the end of Thursday's hearing, the Commission agreed, and is expected to issue an Order to that effect shortly.

Qwest also needs approval of the sale in several other states before it can be completed. The good news for Utah customers is that the Company's present telephone prices will continue unchanged, and one-time credits will appear on bills soon after the sale is completed.

The Utah Committee of Consumer Services is a consumer watchdog organization that advocates on behalf of small business, farming, ranching, and residential customers of the large utility companies providing service in Utah.

It is a State agency, within the Utah Department of Commerce, created by Statute (UCA 54-10). The Committee believes that it has helped to save utility customers more than \$1B since it was established twenty-five years ago.

The Committee has six members, who are appointed by the Governor with the consent of the Senate, and a small professional staff. Customers pay for the Committee through a very small fraction (less than 10 cents in every \$100) of their utility bills.